

SENSITIVE

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SITUATION(S) MESSAGE(S) LISTING

DATE 06/20/74//171

SITUATION: HAK TRIP  
 SUBJECT CATEGORY: TOHAK

MESSAGE / ANNOTATION:

MESSAGE:

IMMEDIATE

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FM CDE KENNEDY//TOHAK12//

TO RODMAN FOR SCOWCROFT, SALZBURG

UNCLAS DELIVER AT OPENING OF BUSINESS WH41756

TOHAK12

ARAMCO

NEW YORK (AP) -- SAUDI ARABIA HAS TAKEN OVER 60 PER CENT OF THE ARABIAN AMERICAN OIL CO., THE WORLD'S LARGEST OIL PRODUCER, ARAMCO SAID TODAY.

AN ARAMCO SPOKESMAN SAID THE AGREEMENT IS RETROACTIVE TO LAST JAN 1. HE SAID THE COMPANY IS PRESENTLY OPERATING UNDER AN INTERIM PLAN AND THAT A MORE DETAILED AGREEMENT WOULD BE FORMULATED IN LATER MEETINGS BETWEEN THE SAUDI ARABIA GOVERNMENT AND THE FOUR AMERICAN OIL COMPANIES, WHICH CURRENTLY OWN 75 PER CENT OF THE COMPANY. NO PRICE FOR THE TAKEOVER DEAL HAS BEEN AGREED TO, THE SPOKESMAN SAID.

HE SAID THAT THE FOUR AMERICAN OWNERS, EXXON, MOBIL, STANDARD OF CALIFORNIA AND TEXACO, WOULD HAVE A CONTRACTUAL ARRANGEMENT TO BUY MOST OF THE OIL PRODUCED FROM THE GOVERNMENT'S SHARE OF THE COMPANY'S OPERATIONS.

THE SPOKESMAN SAID THE FOUR AMERICAN OWNERS WOULD MEET WITH SAUDI ARABIAN REPRESENTATIVES IN JULY TO WORK OUT THE DETAILS OF THE NEW OWNERSHIP ARRANGEMENT.

06-10-74 17141507

NEW YORK - ADD ARAMCO (130)

CURRENT ARAMCO OIL PRODUCTION IS ESTIMATED AT 8.5 MILLION BARRELS A DAY, NEARLY AS MUCH AS THE TOTAL DOMESTIC PRODUCTION OF THE UNITED STATES. THERE ARE TWO OTHER FIRMS OPERATING IN SAUDI ARABIA BUT THEY PRODUCE TOGETHER ONLY ABOUT 260,000 BARRELS A DAY. A CHANGE IN ARAMCO'S OWNERSHIP STATUS HAD BEEN EXPECTED FOR SOME TIME, BUT TODAY'S ANNOUNCEMENT WAS THE FIRST OFFICIAL WORD OF WHAT

\*\*\*\*\* WHSR COMMENTS \*\*\*\*\*

SECPLF

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THE ARRANGEMENT WILL BE. SOME INDUSTRY EXPERTS HAD SUGGESTED THAT THE SAUDIS WOULD TAKE COMPLETE CONTROL OF THE COMPANY. IN AN INTERVIEW LAST WEEK, RAWLEIGH WARNER, CHAIRMAN OF MOBIL, SAID THAT FUNDAMENTAL CHANGES IN THE RELATIONSHIP BETWEEN THE AMERICAN OWNERS AND SAUDI ARABIA WERE COMING SOON. HE SAID THAT IN THE FUTURE MAJOR INTERNATIONAL OIL COMPANIES WILL HAVE LESS CONTROL OVER PRODUCTION OF FOREIGN OIL AND INCREASINGLY BECOME BUYERS AND MARKETERS. HE SAID THAT HE HOPED THE EVENTUAL AGREEMENT WITH SAUDI ARABIA WOULD BE SIMILAR TO ONE REACHED RECENTLY IN KUWAIT. KUWAIT ALSO OBTAINED 60 PER CENT OWNERSHIP OF OIL COMPANY OPERATIONS. "I RECOGNIZE THAT IN THE FUTURE WE ARE NOT GOING TO MAKE AS MUCH PROFIT PER BARREL OF OIL AS WE'VE MADE IN THE PAST," WARNER SAID. "WE'RE GOING TO HAVE TO MAKE MORE MONEY OF THE MARKETING AND REFINING AND TRANSPORTATION END OF OUR BUSINESS."  
06-10-74 18,02EDT

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